

# FOREIGN POLICY BULLETIN



*An analysis of current international events*

1918-1949

FOREIGN POLICY ASSOCIATION • INCORPORATED • 22 EAST 38TH STREET • NEW YORK 16, N. Y.

VOL. XXVIII No. 46

SEPTEMBER 9, 1949

## ***China Remains Key to U. S. Policy in Asia***

A month after release of the State Department White Paper on China, Americans are still debating the advisability of further military and economic aid to the Nationalist government of Chiang Kai-shek. The White Paper ought to have laid the ghost of Chiang as an effective leader who, if given enough support, might be able to stay the Chinese revolution. The civil war is not over, but the Nationalist Government has already lost it.

### ***Our Alternatives***

At present, therefore, we face these alternatives:

1) We might send a substantial American expeditionary force to support local warlords who would try to reconquer China from the Communists.

2) We might cut our connections with China and try to compensate for it by a vigorous and constructive policy of competition with communism in Japan, Southeast Asia, and India.

3) We might attempt to establish and extend relations between Communist China and the United States.

1. *Military Intervention.* The dispatch to China of an expeditionary force is the only way by which we could even hope to make American power the decisive factor in the Chinese revolution. There is no reason to suppose that the American public would tolerate the initiation of any such enterprise; that, if undertaken, it would be successful in view of China's geography and population; or that, if it were successful, American interests would be served by our assumption of responsi-

bility for governing 400 million angry Chinese by force. It is easy to advocate sending a few hundred million dollars to local warlords to resist the Chinese Communists, but there is no evidence to sup-

A State Department committee headed by Phillip C. Jessup, Ambassador at Large, and assisted by Raymond B. Fosdick, former president of the Rockefeller Foundation, and Everett N. Case, president of Colgate University, is at present re-examining American policy in Asia. In view of the great public interest in this subject, the Foreign Policy Association has invited several experts of differing points of view to present their ideas concerning the course the United States could or should follow toward Asia in the light of the conclusions presented in the White Paper on China. The first of these articles is published in the current issue.

port the view that the money would have any effect.

It is important for Americans to grasp not merely the fact of, but the reasons for, the Kuomintang debacle. This debacle is the culmination of a century of effort to give modern polish to the surface of Chinese society without altering its basic structure. As each attempt has failed more disastrously than the preceding one, conservatism has deteriorated into a reaction whose viciousness is limited only by its incompetence, and liberalism has assumed a revolutionary character. The Kuomin-

tang has collapsed militarily because it forfeited its early leadership of indigenous Chinese revolutionary forces. It is unrealistic to suppose that local right-wing coups can now succeed where the Kuomintang failed. The suggestion that there is some cheap and painless form of conducting military intervention in China at this date is dangerously misleading, and could result in disaster for the American people.

2. *Competition with Communism.* American aid programs based on a realistic understanding of the dynamics of social change in twentieth-century Asia should have top priority in our foreign policy if we are to avoid in Japan, Southeast Asia and India the tragic mistakes to which our ignorance of modern China has led.\* This, however, will not leave us free to ignore China. Even if we were prepared to abandon our interests in China itself—and there is no evidence that the American public is prepared to do so—we would be forced by the requirements of our Japanese, Indian and Southeast Asian policies to come to a decision on the question of intercourse with the government and people of Communist China.

There is no way by which the United States can stop the new government of China from exercising a tremendous power of attraction in Southeast Asia and India. We have little chance of playing an effective role in that area if we start from a position of intransigent opposition to Chinese communism which, rightly or wrongly, is regarded by Southern

\*See J. K. Fairbank, "U.S. Reviews China Policy in Light of White Paper," *Foreign Policy Bulletin*, August 12, 1949.

*Contents of this BULLETIN may be reproduced with credit to the Foreign Policy Association*

Asians today as a movement of genuine liberation with which they have many common interests. The Pacific pact, suggested by Chiang Kai-shek and President Elpidio Quirino of the Philippines, is bitterly opposed by many non-Communist Asians, who regard it as an effort to preserve the *status quo* by American material power.

### **Position of Japan**

In the long run, there can be no healthy and stable Japanese economy without access to Chinese raw materials and Chinese markets. An American grand strategy which, by forcibly isolating Japan from Communist China, increases the hazards to Japanese recovery, would heighten the present disturbing social tensions in Japan, and leave the United States in the position of scapegoat. There is of course a danger of communism in Japan, but this danger will hardly be lessened by the erection of unwelcome and uneconomic trade barriers.

We cannot escape from the dilemma of our China policy by planning programs for India, Southeast Asia, and Japan. Paradoxically, if we attempt to erect a *cordon sanitaire* between Communist China and the non-Communist areas of Southern and Eastern Asia, we will weaken the very forces on which we must rely for competition with communism.

3. *Relations with Communist China.* The dangers inherent in dealing with Communists are obvious and real; the risks involved in refusing to deal with them, particularly in China, are as real but less obvious. Communist China will not disappear because the United States refuses to recognize its existence. The Communist bid for power is the most effective in modern Chinese history, and the great majority of Chinese of all classes are rallying to the support of the new order with genuine enthusiasm. This enthusiasm may eventually give way to disillusion and disaffection, but unfriendly action on the part of the United States cannot contribute to or hasten the process. American hostility will be more likely to sustain the popular Chinese support for the Communists.

There is still a fair chance that we can reach working agreements with the Chinese Communists on many levels. It will not be easy, but if our memories were longer, we would not have imagined that any Chinese revolutionary government, Communist or otherwise, would immediately adopt a cordial attitude toward the most outstanding of great powers. Our representatives in diplomacy, business, and educational activities, long weary with the Kuomintang, expected too much too soon

from the incoming Communists. Anti-foreign propaganda, which is nothing new in Chinese nationalist movements, should not stop us from making a realistic effort to come to terms. We have nothing to lose by trying. If we should succeed, American ideas, skills, and goods could contribute greatly to, and thereby at least indirectly influence, the Communist programs of economic development and social reform.

Although China is Communist, it is still in our interest to contribute to its stability and prosperity. It is by no means a foregone conclusion that Communist China will be a satellite of the U.S.S.R. One cannot foresee the shape of the emerging China, nor can any outside power mould it. But we cannot even affect China's future unless we remain in contact with the Chinese. And we can at least be certain that China is more likely to maintain its independence under conditions of peace, economic development and contact with the Western world than under conditions of isolation, blockade, famine and violence.

MARY C. WRIGHT

*(Mary C. Wright spent one year in Japan and six years in China during the period of 1940-47. After the war she traveled all over China to purchase the books which formed the nucleus of the Chinese collection of the Hoover Library at Stanford University of which she is now curator.)*

## **Tito's Stand Poses Dilemma for Both East and West**

The controversy between Tito and Stalin, which began as early as 1944 but did not come into the open until the summer of 1948 when the newly created Cominform delivered a blast against Tito,\* has been developing at a sharply rising crescendo during the past month. In notes that minced no words, Tito accused the Kremlin of betraying Yugoslavia's interests by abandoning its support of Belgrade's claims to Carinthia in Big Four negotiations for an Austrian peace treaty. The Soviet government, denying Tito's accusations, charged that the Yugoslav leader had sold out to the West and had turned "Fascist."

A Cominform conference held in Sofia the last week of August to the accompaniment of widespread publicity was said to have discussed the organization of an anti-Tito fifth column in Yugoslavia to which the Cominform countries might give military aid without having to resort

to open war. From Belgrade, however, Western observers reported that defections from Tito Communist ranks had been insignificant in the past year, and that the Marshal's defiance of the U.S.S.R. had rallied behind him even groups of the population dispossessed by and opposed to communism. Three or more Russian divisions were reported to be drawn up along Yugoslavia's northern border, but Tito, in a series of interviews with British and American visitors, indicated no apprehension that the war of nerves between the Cominform and the Yugoslavs would develop into an armed conflict. On August 31 Yugoslavia and the U.S.S.R. agreed to dissolve the Soviet-Yugoslav Danube River Navigation Company (Juspad) and a joint civil aviation company (Justa) which had been formed at the Danubian conference of 1948 when the countries of the Soviet bloc demanded and obtained control of the Danube over the protests of the Western powers. The liquidation of these two concerns eliminated

the last vestiges of Russian economic influence in Yugoslavia.

### **U.S. Aid to Tito**

Meanwhile, Belgrade has sought to overcome the effects of the tightening Cominform economic sanctions, which according to both Tito and Western observers have slowed down but not jeopardized Belgrade's five-year plan, by turning to the West for trade and credits. On August 17 the United States, at the urging of Secretary of State Dean Acheson, approved the sale to Yugoslavia by an American firm of a steel finishing mill valued at \$3 million. On August 29 it was reported that Yugoslavia had formally applied for a \$25 million loan to purchase American equipment for the Bor copper mine—the largest in Europe—and the Trepcha lead and zinc mines. This loan, which also has State Department backing, would be repaid with Yugoslav shipments of lead, copper and zinc, all metals listed among the strategic materials the United States is stockpiling for the event of an emergency.

\*See Vera Micheles Dean, "International Communism Hits Nationalist Snags," *Foreign Policy Bulletin*, August 13, 1948.

A mission from the International Bank for Reconstruction and Development, in which the United States and Britain are the principal shareholders, is now in Belgrade studying Yugoslavia's request for a loan from that institution.

### ***Many-Faceted Conflict***

The Tito-Stalin conflict, outwardly an intramural ideological clash among Communists bearing a resemblance to the bitter controversies that have repeatedly rent the Russian Communist party since the death of Lenin in 1924, is greatly complicated by nationalist sentiment, by ancient and never fully resolved feuds between Balkan peoples, and by the great power struggle which has the Balkans and the Eastern Mediterranean as one of its focal points.

Karl Marx, Lenin and Trotsky believed that common interest in the overthrow of "capitalist exploiters" would constitute so strong a link between workers of the world that an international Communist movement would succeed in erasing national boundaries. The Third International, organized by Lenin in 1919, made Moscow the international capital of communism and Russia the "socialist fatherland." After Stalin, in 1927, had ousted Trotsky, champion of "permanent revolution," he turned to the policy of building "socialism in one country" on the theory that Russia would do more for world communism by the example of its own achievements than by dissipating funds and propaganda efforts on Communist movements in other countries which, by that time, were clearly on the wane. World War II intensified nationalism in the U.S.S.R., as it did in all countries invaded or conquered by the Germans, and in the fabric of the Kremlin's foreign policy the nationalist thread appeared on many occasions to predominate over the thread of communism.

To Communists outside the U.S.S.R. who continued to believe in world revolution, this resurgence of Russian nationalism was nothing short of betrayal of the ideas of Marx, Lenin and Trotsky. Had the Soviet government hewed entirely to the national line, it might conceivably have rallied and held the support of countries along its borders either because of similarity of interests or because of its preponderant military force which, to some of its neighbors—particularly Poland and Czechoslovakia—then offered, and still offers, the only practicable safeguard

from the resurgence of German irredentism and militarism. The U.S.S.R., however, could not appeal to its neighbors simultaneously as a Russian national state and as the fatherland of world communism without at some point giving the appearance that the only Communist objectives that counted were those that fitted Russia's national interests. This point was reached by 1948. Russia's nationalism set a precedent for the nationalism of other countries that have come under Communist rule. Tito happened to have a geographic advantage that made it possible for him to defy Stalin with relative impunity, but views similar to his have been developing among Communist leaders in other countries of Eastern Europe and the Balkans who had expected to enjoy greater latitude in adapting Communist doctrines to the particular conditions of their respective nations than actually proved to be the case.

### ***Ancient Balkan Feuds***

The conflict is further aggravated by Balkan feuds whose origins go back to the nineteenth century, when first the Greeks, then the South Slavs, successfully struggled to overthrow the rule of the Ottoman Empire. Then, as now, the great powers took a hand in the struggle—both Britain and Russia supporting the Greeks in their war for liberation of the 1820's, and Russia aiding the uprising of Serbs and Bulgarians in the 1870's. Since proclamation of the Truman Doctrine in 1947 the United States, taking over Britain's former military and financial commitments in Greece, has been helping the Greek government to subdue guerrilla forces which, according to the United Nations Balkan Commission, had been receiving aid and comfort from Yugoslavia, Bulgaria and Albania. Since its split with Moscow, however, Belgrade has shown less and less interest in the Greek civil strife; and reports from United States and United Nations sources indicate that such aid as Yugoslavia was giving the Greek guerrillas has come to an end.

As prospects for complete suppression of the Greek rebel movement gain, the spotlight has swung to Macedonia, historic cockpit of Balkan conflicts. Macedonia, divided between Bulgaria, Greece and Yugoslavia, might conceivably offer a springboard for armed attack on Yugoslavia based on irredentist claims by Bulgaria, in whose capital the most recent Cominform meeting was held, or even by Greek Communist leaders who are now

reported to be bitterly anti-Tito. The proclamation of a new Macedonian League might be used as an entering wedge to break up the Yugoslav state by seeking the defection of the Macedonian Republic, one of Yugoslavia's six constituent republics.\*

Tito, however, has proved more skillful than previous Belgrade governments in avoiding the pitfalls of centralized control by the Serbs and has attempted to satisfy the desire of the constituent republics for a measure of autonomy—a policy that may prove good insurance for him today. Still higher stakes, however, are involved, than the national existence of Yugoslavia. For the United States and Britain are determined to maintain a foothold in the Eastern Mediterranean, with Greece and Turkey as its pivot, but with growing interest in the Balkan hinterland of Greece; while Russia, for centuries intent on obtaining control of the Dardanelles, is equally determined to hold on to the advantages it has gained in the wake of World War II on the Danube and in the Balkans, and is said to be building a naval base in Albania which would be endangered by the defection of Yugoslavia.

### ***West and East Problems***

Tito's stubborn defiance of the Kremlin has placed both the Western powers and the U.S.S.R. in a dilemma. If Moscow finds itself in a position where it has to use force to bring the Yugoslavs into line, it stands to lose such support as it now enjoys among Communists in more distant countries who until now had not been seriously concerned over open intervention by Russia. If it permits Tito to triumph, the Yugoslav example may prove contagious and impair Russian influence in the entire tier of countries from the Baltic to the Black Sea on which the Kremlin had been counting as a *cordon sanitaire* against Germany and the Western powers. The West, for its part, while welcoming any fissure in the Russian bloc, must now decide whether it "can do business" with Communists or even consider them as potential allies against Russia. Until now the policy of the United States, as expressed in the Truman Doctrine, has been to oppose Russia and Communism on behalf of "free peoples." Now we have to ask ourselves whether we oppose all

\*The Federal Republic of Yugoslavia consists of six republics—Bosnia-Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Slovenia.



Communists on grounds of ideology, or only those who manage to get along with the U.S.S.R.

For we should have no illusions as to Tito's intentions, which he has bluntly and frequently affirmed. The Yugoslavs are not a "free people" in the sense in which the Truman Doctrine uses that term. The Yugoslav government is a dictatorship, with all the attributes of the police state to which we have repeatedly objected when practiced by countries friendly to Russia. Tito proclaims himself a simon-pure Communist—in fact he considers himself a purer Communist than Stalin. He stoutly asserts he is still opposed to the Marshall Plan, and he has been accused by Italy, one of our North Atlantic treaty partners, of expansionist designs in Trieste. He has been one of the first spokesmen of small countries since the war who, looking at both West and East, has in effect said "a plague on both your houses." He is ready to accept Western technical and financial assistance, but intends to carry out Yugoslavia's economic plans as originally formulated; and there should be no expectation on our part that money and goods, either in Yugoslavia

or elsewhere, will automatically insure us the unfaltering loyalty of the recipient country.

VERA MICHELES DEAN

(The third of three articles on current developments in relations between Europe and the United States.)

## United Nations Day

October 24 is celebrated as the birthday of the United Nations because it was on this day in 1945 that all the required ratifications of the UN Charter had been deposited, and the UN came into being.

In preparation for this celebration, all FPA members, and particularly all teachers of current events and chairmen of international relations sections of men's and women's clubs, will want to have "Proposals for Reform of the United Nations," a *Foreign Policy Report* by Professor Clyde Eagleton of New York University. This report, available on September 15, will be of great value in preparing discussion programs on the United Nations.

Place your orders now for this report to be sure of obtaining copies.

*Foreign Policy Reports*—25c.

Subscription \$5; to FPA members, \$4

## FPA Bookshelf

*History of Chinese Society*: Liao (907-1125), by Karl A. Wittfogel and Feng Chia-Sheng. New York, Macmillan, 1949. \$12.50 (Published by the American Philosophical Society with the cooperation of the American Institute of Pacific Relations.)

With the publication of this huge volume, the Chinese history project at Columbia University, after a decade of work, inaugurates what will ultimately become a monumental series of translations from China's twenty-four dynastic histories. The presentation of this material in English will make available to the Western world portions of the most comprehensive record of any single civilization. All aspects of Chinese life during the formative Liao conquest period—social, economic, political—are presented in a series of sections on various topics. The translations are preceded in each case by an analytical introduction.

*The Rome-Berlin Axis*, by Elizabeth Wiskemann. New York, Oxford University, 1949. \$5.00

Miss Wiskemann, an accomplished English observer and writer on contemporary European affairs, has made a distinguished contribution to the history of World War II in her latest book which gives a detailed and documented account of the relations between Hitler and Mussolini and the course of Italo-German relations up to 1945.

*New Worlds Emerging*, by Earl Parker Hanson. New York, Duell, Sloan and Pearce, 1949. \$3.50

In answer to the neo-Malthusians who have been prophesying disaster if present rates of population growth continue unabated, an "explorer, technician and planner" presents a glowing picture of the untapped possibilities for settlement and development in the world's arctic and tropical zones. While the experts will quarrel with Mr. Hanson on many points, his book as a whole is provocative, full of little known facts, and a challenge to the creative imagination and enterprise of our Western civilization.

*Japan's Economy in War and Reconstruction*, by Jerome B. Cohen. Minneapolis, University of Minnesota, 1949. \$7.50 (Issued under the auspices of the International Secretariat, Institute of Pacific Relations.)

Professor Cohen, who now teaches economics at City College of New York, has utilized materials gathered during years of service with the State Department and Navy and in the U.S. Strategic Bombing Survey to present an exhaustive monograph, replete with tables, charts and ample documentation, on the economic structure and problems of Japan from 1937 to 1949. His study illuminates some of the staggering problems confronting Japan and the occupation authorities.

## News in the Making

A call for greater economic and political unity in Western Europe from the Consultative Assembly, lower house of the Council of Europe, may spur the twelve member governments to bolder action. The Assembly, meeting at Strasbourg since August 8, heard proposals for a currency union, the establishment of a preferential trading area, and the acquisition of federal powers. The Assembly established a twenty-eight-man steering committee under Paul-Henri Spaak of Belgium to conduct business on a year-round basis. . . . With Europeans reviving requests for *American tariff reductions*, the Administration's bill for renewal of the Reciprocal Trade Agreements Act until 1951 went to the Senate floor September 7. Passage of the measure may be necessary before the United States can ratify tariff reductions negotiated at Anancy, France, last month when thirty-four nations pared trade barriers. The European *Marshall Plan Council* of the Organization for European Economic Cooperation in Paris recessed September 3 in a mood of uncertainty, awaiting Congressional approval of 1949-50 appropriations and the outcome of the Washington talks. . . . The arrival of King Abdullah of Jordan in Spain on September 5 for an eleven-day visit aroused speculations about Franco's forthcoming moves to break out of his international isolation. The generalissimo, who has recently stressed Spain's Arab and Moslem heritage, may have an eye on the tendency of the Latin American and Arab blocs to vote together in the United Nations. . . . Despite General Douglas MacArthur's statement on September 1 that Japan deserves a formal peace treaty soon, prospects seem dim for an *early settlement with Tokyo*. Not only are the United States and the U.S.S.R. unable to agree on procedure for negotiating a treaty, but Japanese efforts to resume peacetime international trade are meeting resistance from Australia, the Philippines, China, Korea and Indonesia.

FOREIGN POLICY BULLETIN. Vol. XXVIII, No. 46, SEPTEMBER 9, 1949. Published weekly from September through May inclusive and biweekly during June, July and August by the Foreign Policy Association, Incorporated. National Headquarters, 22 East 38th Street, New York 16, N. Y. BROOKS EMENY, President; VERA MICHELES DEAN, Editor; WILLIAM W. WADE, Associate Editor. Re-entered as second-class matter June 4, 1948, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Four Dollars a Year. Please allow at least one month for change of address on membership publications.

F. P. A. Membership (which includes the Bulletin), Six Dollars a Year.

Produced under union conditions and composed and printed by union labor.